

Washington, D.C. – The mortgage crisis has forced a record number of working and middle class families out of their homes this year and more than two million American families face the prospect of foreclosure by the end of 2008. For these individuals, finding a reliable mortgage company is of utmost importance as they struggle to keep their homes. — Today, Congressman Sestak voted for the Mortgage Reform and Anti-Predatory Lending Act of 2007 (H.R. 3915) which will work to strengthen the housing market, expand affordable mortgage loan opportunities, and strengthen consumer protections against risky loans in the future.

“It is time to act on behalf of American homeowners struggling with mortgage payments and facing foreclosure,” said Congressman Joe Sestak. “This legislation makes important strides to bring back higher standards of accountability in the home loan and mortgage industry. I believe this Act includes the meaningful and timely reforms that will protect American consumers and create a loan system they can have confidence in.”

The housing market is currently in its worst slump in 16 years. For the third quarter in a row, the number of foreclosure notices hit a record high, and hundreds of thousands of additional borrowers face foreclosure. The Mortgage Reform and Anti-Predatory Lending Act is a necessary anti-predatory lending bill that will strengthen the housing industry and make American families more secure.

The Mortgage Reform and Anti-Predatory Lending Act of 2007 includes the following provisions:

- Requires lenders to ensure a borrower’s ability to pay back home loans. Lenders determine a borrower’s ability to repay based on income, credit history, indebtedness and other factors.
- Prohibits unfair lending practices. The bill prohibits financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans.
- Requires licensing and registration for brokers and bank loan officers. The bill establishes a Nationwide Mortgage Licensing System and Registry to track and regulate mortgage companies.

- Requires additional disclosures for consumers regarding mortgage loans. Under the bill, the lender must disclose the maximum amount a consumer could pay on a variable rate mortgage.
- Stronger consumer protections for high-cost mortgages. The bill enhances consumer protections for “high-cost loans” by prohibiting practices that increase the risk of foreclosure, prohibiting excessive fees for payoff information, modifications or late payments, and requiring more pre-loan counseling.
- Creates the Office of Housing Counseling. The bill establishes an Office of Housing Counseling within HUD to boost homeownership and rental housing counseling.

“I am proud that Congress acted on this issue of importance for millions of Americans. Our citizens deserve greater transparency and accountability from brokers,” said Congressman Sestak. “This bill helps to begin a new, better direction for the housing industry, mortgage brokers, and American homeowners.”

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.*